

# Teenager's Guide to Auto Insurance

Louisiana Department  
of Insurance

James H. "Jim" Brown  
Commissioner



Car insurance protects you if anything happens to you, your car, someone else, or someone else's car because of you. There are many different policies you can choose from, depending on what sort of coverage you want...

- **Liability coverage** pays claims if you are responsible for hurting another person or for damaging another person's property.
- **Uninsured motorists coverage** comes in two parts, which must be purchased separately. If you are hit by someone who does not have insurance, **Bodily Injury** coverage pays for your injuries, while **Property Damage** coverage pays for damage done to your car.
- **Collision coverage** pays if your own car is damaged in a collision.
- **Comprehensive coverage** pays for damage to your car, such as theft, vandalism, glass breakage, etc.
- **Medical expense coverage** pays medical and funeral expenses for you and your passengers.

## What if I don't have insurance?

Auto insurance is required by law in Louisiana. If an officer stops you and you don't have insurance, he can tow or impound your car. Not having insurance can also get you in trouble if you are in an accident, even if you are not at fault. According to Louisiana law, the other driver is not required to pay you the first \$10,000 of damages, both property and bodily injury, in an accident if you do not have insurance.



## When I get my license, will my parents' insurance cover me?

When you get your license, your parents can add your name to their policy as an occasional driver because you're driving their car. When, you get a car of your own, you must be listed as the primary driver of that car.

## How does my insurance company decide how much my policy will cost?

The cost, or premium, for your insurance is based on:

- Your driving record
- The make, model and age of your car
- Your age
- Your sex
- Where you live
- Whether you are the primary or secondary driver of the car
- How far you drive to and from school or work

## Why do teen policies cost so much?



- Only 5% of all licensed drivers are under the age of 19, but nearly 12% of all crash deaths are teenagers.
- Sixteen-year-olds have 40 crashes per 100 licensed drivers each year, compared with a rate of nine crashes per 100 licensed drivers who are 45 to 54 years old.
- Sixteen-year-olds are more likely than other groups to be speeding.
- Thirty-six percent of all 16-19 year-old deaths in 1996 occurred in car crashes.
- Sixteen-year-olds have three or more people in their cars when accidents occur.
- Sixteen-year-olds frequently fail to wear seat belts, adding to the risk of fatal injuries.

## How often do I have to pay my premium?

With most companies, you have the option of paying your premium every one, six, or 12 months. At the end of this time period, it is up to your insurance company to decide whether your policy will be continued. Check with your agent to see if you qualify.

## What if I don't pay my premium?

If you don't pay your insurance premium, the company will cancel your policy. This *may* make it harder and more expensive to get a policy from another company.

Some companies may give you the option of paying your premiums in installments, but keep in mind that this works like a credit card. You will be required to pay interest.



## My Dad taught me to drive, and I'm a pretty good driver. Why do I still need to take Driver's Ed?

According to Louisiana law, you must take driver's ed before you can get your license, if you are under 18. Driver's ed is not required after your 18th birthday. You may still want to enroll, though, because many insurance companies offer lower costs for drivers who complete the course.

## Is it true that if I'm a full-time student with a B grade point average, I won't pay as much for insurance?

Maybe. Most Louisiana insurance companies will give breaks to full-time students with a B average or higher. Check with your agent to see if you qualify.



## What else can I do to save myself a few dollars?

You can also lower your premiums by...

- keeping a clean driving record (no accidents or tickets)
- keeping a clear claims history
- maintaining a good credit history
- asking your agent about discounts
- checking the premium rates before you buy a car

## Can my company charge me more just because I have a couple of tickets or was in a wreck or two?

Your driving record is one of the main things that your company looks at when deciding how much to charge you for insurance. Your insurance company has the right to charge you extra even if you've only gotten one moving violation or were involved in just one accident in which you were considered more than 50% "at fault."

## Okay, I can understand that, but now they're trying to cancel my policy. Can they do that?

Yes, the same rules apply in this situation. Tickets and "at fault" accidents can seriously affect your policy. More importantly, your driving record may affect the insurance policies of your parents and siblings too. Even if they are on a different policy, their policies may be cancelled because of your driving record.

## I'm going to college in another state. Are there any changes I need to make in my insurance?

If you are not taking permanent residence in the other state, most companies do not require you to make any changes in your policy. The same goes if your insurance company has offices in the other state, if you have a good driving record. Keep in mind though, that your rates can be affected by the area you live in. Some places have higher rates than others, and your premium will be adjusted to agree with the new area's standards.



## If I let my friend drive my car and he has an accident, will he be covered?

As long as your friend has the owner's permission to drive the car, he is covered under the owner's policy. If you drive your parents' car, your friend must have their permission before he drives the car. **Your permission is not good enough.**

## What do I do if I am in an accident?



- Call the police
- Make sure you get the other driver's:
  - \* name
  - \* address
  - \* telephone number
  - \* license plate number
  - \* driver's license number
  - \* insurance information
- Give the other driver the same information about you.
- Notify your insurance agent or company as soon as possible.

## How to Contact the Department of Insurance:

P.O. Box 94214  
Baton Rouge, LA 70804-9214  
1-800-259-5300 or 5301, 225-342-0895  
E-mail: [public@ldi.state.la.us](mailto:public@ldi.state.la.us)  
URL: <http://www.ldi.la.state.la.us>

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